

CHDO Requirements Checklist

Organizations seeking to become a certified Community Housing Development Organizations (CHDOs) in the City of Houston are required to satisfy and document the requirements of the *CHDO Requirements Checklist*. The City of Houston's Housing and Community Development Department (HCDD) is responsible for certifying and recertifying that each applicant organization is eligible to be certified as a CHDO. This *Checklist* serves as a baseline for CHDO eligibility.

Before committing CHDO set-aside funds to an organization, HCDD must certify the organization:

1. Meets the definition of a "community housing development organization" in [§92.2](#);
2. Has paid staff with demonstrated experience appropriate to the role the organization will play for the project being funded;
3. Demonstrates fiscal soundness; and
4. Has a project eligible for the set-aside that the organization will develop in accordance with [§92.300](#).

CHDO Requirements	Rule Citation	Requirement Satisfied & Documented
ORGANIZATIONAL REQUIREMENTS		
1. Legal Structure		
1.1. The organization is organized under the Texas State Law.	§92.2 CHDO Definition ¶ (1)	Applicable
1.2. The organization has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons.	§92.2 CHDO Definition ¶ (7)	Applicable
1.3. The organization has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual.	§92.2 CHDO Definition ¶ (2)	Applicable
1.4. The organization is not under the control or direction by any individual or entity seeking to derive profit or gain.	§92.2 CHDO Definition ¶ (3)	Applicable
1.5. The organization has one of the following IRS tax exempt statuses: 1.5.1. Exemption under 501(c)(3) or 501(c)(4); 1.5.2. Subordinate of a central nonprofit under IRC Section 905; or 1.5.3. A private nonprofit that is a wholly owned subsidiary of an organization that has 501(c)(3) or (c)(4) status and meets the CHDO definition.	§92.2 CHDO Definition ¶ (4)	Applicable
1.6. The organization is not a governmental entity (any of the following: participating jurisdiction, other jurisdiction, Indian tribe, public housing agency, Indian housing authority, housing finance agency, or redevelopment authority).	§92.2 CHDO Definition ¶ (5)	Applicable
2. Independence		
2.1. Public officials and employees of a governmental entity may comprise no more than 1/3 of the board.	§92.2 CHDO Definition ¶ (5)	Applicable
2.2. Officers and employees of a governmental entity cannot be officers (e.g. CEO, CFO, or COO) or employees of a CHDO.	§92.2 CHDO Definition ¶ (5)	Applicable

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2.3. If the organization was created by a governmental entity, then the governmental entity that created the organization may not appoint more than 1/3 of the board members and board members appointed by the governmental entity may not appoint remaining 2/3.	§92.2 CHDO Definition ¶ (5)	Applicable
2.4. If the organization was created by a for-profit entity, then 2.4.1 through 2.4.4 apply:		Applicable
2.4.1. The for-profit entity that sponsored or created the organization may not have as its primary purpose the development or management of housing, such as a builder, developer, or real estate management firm.	§92.2 CHDO Definition ¶ (3)(i)	Applicable
2.4.2. The for-profit entity that created the organization may not appoint more than 1/3 board members, and for-profit-appointed members may not appoint remaining 2/3 of board.	§92.2 CHDO Definition ¶ (3)(ii)	Applicable
2.4.3. Officers and employees of the for-profit entity that created the organization cannot be officers or employees of the CHDO.	§92.2 CHDO Definition ¶ (3)(iv)	Applicable
2.4.4. The organization must be free to contract for goods & services with others.	§92.2 CHDO Definition ¶ (3)(iii)	Applicable
3. Accountability to the Low-Income Community		
3.1. The organization must have a designated service area (i.e. the “community” in which it produces housing). A community can be a neighborhood(s), City Council District(s), Houston Metropolitan area, or multi-county area (but not the entire State).	§92.2 CHDO Definition ¶ (8)(i)	Applicable
3.2. At least 1/3 of the board members are: 1) low-income; 2) residents of a low-income neighborhood; or 3) elected representatives of a low-income neighborhood organization.	§92.2 CHDO Definition ¶ (8)(i)	Applicable
3.3. The organization has a formally adopted process for low-income beneficiaries to advise it on decisions regarding design, siting, development, and management of housing.	§92.2 CHDO Definition ¶ (8)(ii)	Applicable
3.4. The organization has at least 1 year of serving the community, or, if it is formed by local churches, service organizations, or neighborhood organizations, its parent organization meets this requirement.	§92.2 CHDO Definition ¶ (10)	Applicable
4. Capacity		
4.1. The organization has financial management systems that conform to 2 CFR 200.302 and 200.303	§92.2 CHDO Definition ¶ (6)	Applicable
4.1.1 Fiscal Soundness is required. The organization’s IRS Form 990, and Certified Public Accountant Audit, or a set of Basic Financial Statements are required.	HCDD Requirement	Applicable

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4.2. The organization has paid employees with demonstrated experience relevant to the CHDO's role in undertaking the HOME activity to be funded. (Note: this does not include volunteers, board members, donated or shared staff, or consultants – except as described in 4.2.1. below.)	§92.2 CHDO Definition ¶ (9)	Applicable
4.2.1. During the first year of an organization's funding as a CHDO only, capacity can be demonstrated through a contract with a consultant who has housing development experience to train appropriate key staff of the organization.	§92.2 CHDO Definition ¶ (9)	Applicable
CHDO ROLE		
5. CHDO set-aside project CHDOs can undertake homebuyer projects, as described below, with CHDO set-aside funds:		Applicable
5.1. Homebuyer projects in accordance with §92.254 To qualify under CHDO set-aside, must meet 5.1.1 and 5.1.2:		Applicable
5.1.1. Developer: The organization is or will be the owner in fee simple and the developer of new units for sale to low-income buyers	§92.300(a)(6)	Applicable
5.1.2. The organization will control the development process including, at a minimum, arranging financing for the project and being in sole charge of construction.	§92.300(a)(6)(i)	Applicable
CHDO CERTIFICATION		
6. CHDO Certification		
6.1 The organization meets all CHDO regulatory thresholds, AND the of the following:		
6.1.1 The organization qualifies for a project that meets the project eligibility requirements of 92.300 for a reservation of CHDO set-aside funds.		
Signature _____	Date _____	
Name _____	Title _____	